



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fifth Legislature  
First Regular Session

Senate: FIN DP 9-0-1-0 | 3rd Read 29-0-1-0  
House: WM DP 9-0-0-1 | 3rd Read 60-0-0-0

---

## **SB 1113: unused tax credit; termination; time**

**Sponsor: Senator Mesnard, LD 17**

**Transmitted to Governor**

### **Overview**

Decreases the length of time, four years to three, before the Director of the Arizona Department of Revenue (DOR) must terminate an unused tax credit.

### **History**

DOR must report to the Joint Legislative Budget Committee (JLBC) and the Governor's Office of Strategic Planning and Budgeting (OSP) on the amount of individual and corporate income tax credits (tax credits) that were claimed in the previous fiscal year. If a tax credit is not claimed by or allowed to any taxpayer in four consecutive annual reports the DOR Director (Director) must: 1) terminate the recognition and servicing of a tax credit; 2) issue a public announcement of the credit termination; 3) notify the OSP, the President of the Senate, the Speaker of the House of Representatives, the JLBC and Legislative Council; and 4) include the repeal of the terminated tax credits in the annual technical tax correction legislation for enactment in the next regular session. If the Legislature fails to pass the legislation, DOR must rescind the termination of the tax credit.

The Director may not terminate the recognition and servicing of a tax credit that is subject to preapproval by the Arizona Commerce Authority (ACA), unless over any period of four consecutive years: 1) DOR has not received a preapproval notice of any applicant or project for the tax credit from the ACA; and 2) the credit is not claimed by or allowed to any taxpayer. ([A.R.S. § 43-224](#))

### **Provisions**

1. Requires the Director to terminate the recognition and servicing of a tax credit that is unclaimed or not allowed to any taxpayer in three consecutive annual reports, rather than four consecutive annual reports. (Sec. 1)
2. Prohibits the Director from terminating the recognition and servicing of a tax credit that is subject to ACA preapproval unless, over any consecutive three-year period rather than four-year period, the statutory conditions are met. (Sec. 1)
3. Requires the technical tax correction legislation to include a saving clause to allow for the continued use of the carried forward amounts for the remainder of the carry forward period, if the credit has unused credits carried forward from prior years. (Sec. 1)
4. Specifies that unused credits carried forward from prior years are not considered claimed or allowed in the year the credit carried forward is used. (Sec.1)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
--	--	---	--------------------------------------